
Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

FOR IMMEDIATE RELEASE

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Administration Implies Self-Funding will Increase State Costs

(Madison) – The following statement may be attributed to Phil Dougherty, spokesman for the Wisconsin Association of Health Plans. See more on the self-funding issue at wihealthplans.org.

The Walker Administration claims health insurance premiums for the State Group Health Program will increase at least 10 percent if self-funding contracts are rejected. The projection violates the integrity of the state's proven bid-negotiate process and ignores its effectiveness.

The Administration's projection is based on the state's assumptions, not health plan bids. Preliminary 2018 premium bids aren't due until June 30. Negotiations and final bids occur after that. In the last nine years, final premium increases averaged 3.7 percent and the negotiated difference between preliminary and final bids equaled \$283 million. Fully insured premium rates increased 1.6 percent in 2017 after preliminary bids reflected a 5.4 percent increase.

As a result of the May 26 news conference, the impact of self-funding on the state is even less certain. The state's Budget Director said the Administration's 2017 – 2019 State Budget, which assumes self-funding the State Group Health Program, includes a seven percent premium increase in each year of the Biennium. That increase is nearly double the performance of the fully insured program over the last nine years. The Budget Director's comment implies self-funding would increase the state's costs, not produce savings.

The only way the state can be certain of its costs—or savings—is to fix its payments with a fully insured benefit program. The health plans pay the cost of fully insured medical services and bear the risk of unexpected increases in medical costs. Fully insured premiums do not change during a contract period.

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